



AUSTRALIAN RAIL TRACK CORPORATION LTD

31 January 2014

Mr Matthew Schroder
General Manager, Fuel, Transport & Prices Oversight
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

By e-mail: matthew.schroder@acc.gov.au

Dear Mr Schroder

Application for variation of Hunter Valley Coal Network Access Undertaking

Please find **enclosed** an application to the Australian Competition and Consumer Commission (ACCC) for consent to vary ARTC's Hunter Valley Coal Network Access Undertaking (HVAU) in accordance with section 44ZZA(7) of the *Competition and Consumer Act 2010* (Cth) (the **Act**) and as contemplated in section 4.18(b) of the HVAU.

Within 30 months of the commencement date of the HVAU, ARTC is required under Section 4.18(b) of the HVAU, to submit to the ACCC for approval, the characteristics of the proposed Final Indicative Services, the indicative access charges for the proposed Final Indicative Services and, if ARTC considers that gtkm is not an appropriate pricing unit to encourage efficient consumption of Capacity, an alternative pricing unit that ARTC considers will encourage efficient consumption of Capacity. ARTC is further required to obtain approval from the ACCC to vary the HVAU to provide for the adoption of the Final Indicative Services, and the alternative pricing unit (if any) under section 4.18(b).

It is noted that the ACCC informally agreed¹ to ARTC providing this application by 31 January 2014, one month later than the date as provided under section 4.18(b).

The proposed Final Indicative Services have been selected in consultation with the HVCCC having regard to delivery of optimum utilisation of Coal Chain Capacity, given certain System Assumptions, pursuant to section 4.18(a) of the HVAU. In addition to the extensive work and modelling undertaken with the HVCCC to identify and determine the service characteristics that will deliver optimum utilisation of Coal Chain Capacity, ARTC has conducted an inclusive consultation with the HVCCC, Access Holders and Operators including:

- direct engagement in the development of the final indicative services over a period of around 18 months through the formation and conduct of a stakeholder reference group, with Access Holder and Operator representation, intended to facilitate informed discussion and guidance of the final indicative services development;

¹ Email Sarah Sheppard (ACCC) to Kylie Gallasch (ARTC) dated 13 December 2013.



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- subsequent formal consultation through the circulation to all relevant stakeholders of consultation documents in relation to the final indicative services developed, and the appropriateness of gtkm as a pricing unit and providing an opportunity for stakeholder feedback; and
- consideration of the submissions of relevant stakeholders in determining the proposed Final Indicative Services, and whether gtkm is not appropriate as a pricing unit to encourage efficient consumption of Capacity.

ARTC has also sought to keep the ACCC informed of the progress and outcomes of the Final Indicative Services development through informal meetings held over the period.

This application outlines ARTC's process for determining the proposed Final Indicative Services and includes detailed reasons for the proposed Final Indicative Services and respective indicative access charges. This application also outlines ARTC's consideration of whether gtkm is not an appropriate pricing unit to encourage efficient consumption of Capacity.

If you have any queries, please contact myself on (08) 82174314 or Gavin Carney on (08) 82174189.

Yours sincerely

Simon Ormsby
Executive General Manager
Strategy & Growth